

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

In the matter of:

Abuchi Okoye, A Nigerian individual

Coininvest, an unincorporated entity

Respondents.

) DOCKET NO. S-21125A-20-0294

) **TEMPORARY ORDER TO CEASE AND**
) **DESIST AND NOTICE OF**
) **OPPORTUNITY FOR HEARING**

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents Abuchi Okoye, and Coininvest are engaging in or are about to engage in acts and practices that constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act ("Securities Act") and that the public welfare requires immediate action.

The Division also alleges that Abuchi Okoye is a control person within the meaning of A.R.S. § 44-1999(B), so that he is jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as Coininvest for its violations of the antifraud provisions of the Securities Act.

I.**JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENT

2. Respondents Abuchi Okoye and Coininvest may be referred to collectively as “Respondents.”

3. At all times relevant, Respondent Abuchi Okoye (“Okoye”) resided in Otolu, Nnewi, Anambra, Nigeria and exercised control over Coininvest and a domain name of Arcadia-Capital.net.

III.

FACTS

THE ACTUAL ARCADIA CAPITAL PARTNERS, LLC

4. Arcadia Capital Partners, LLC (“ACP”) is a Registered Dealer with the Arizona Corporation Commission (“Commission”), the Financial Industry Regulatory Authority (“FINRA”) and the United States Securities and Exchange Commission (“SEC”).

5. ACP maintains a website and conducts business related to Private Placement of Securities and Advisors regarding mergers and acquisitions.

6. The Managing Director of ACP (“Managing Director”) states he came into knowledge of an imposter website when a representative of a similarly named company with a similarly named domain contacted ACP to see if ACP had received calls related to bitcoin.

7. The Managing Director viewed the website at Arcadia-Capital.net purporting to belong to Arcadia Capital (“Arcadia”) and noted the website depicted ACP’s address in Phoenix, Arizona, but the Arcadia website depicted a different telephone number and email address than that of ACP.

8. ACP noted that Arcadia’s website appeared to be offering investments in bitcoin and cryptocurrency. ACP does not deal in or offer investments in bitcoin and cryptocurrency.

9. The Managing Director determined that Arcadia is unaffiliated with and has no relationship to ACP.

10. The Managing Director subsequently received a voice mail from a person wanting to know about “crypto investments.”

11. The Managing Director reported the matter to the authorities.

12. The facts show that ACP has nothing to do with Respondents and the Arcadia-Capital.net website and that Respondents are stealing the reputation and credentials of ACP to commit their fraud.

THE PIRATED WEBSITE

13. Respondents own the domain name Arcadia-Capital.net. Respondents have a website found at Arcadia-Capital.net and represent the website as Arcadia Capital (“Arcadia”). On the website, which is available to the general public, Arcadia is representing itself as Arcadia Capital in an attempt to misrepresent to offerees and investors that Arcadia is the registered broker, ACP. As stated above, Arcadia has no relationship with ACP. The website provides the Phoenix, Arizona business address for ACP and displays a FINRA Central Registration Depository (“CRD”) number for ACP.

14. Respondents registered the website with a domain service entity, which is located in Phoenix, Arizona, on August 25, 2017 and provided a web address similar to that of ACP.

15. Respondents have a Facebook page that represents Arcadia as Arcadia Capital and provides the same telephone number as provided on Arcadia’s website.

16. Respondents are soliciting investors to purchase investments in bitcoin and cryptocurrency via the pirated website at Arcadia-Capital.net and a social media account.

17. Respondents state on its website, “SAFE AND SECURE CRYPTOCURRENCY INVESTMENT” “CRYPTOCURRENCY MINING FOREX TRADING AND CFD MARKETS”.

18. In the “HOW IT WORK” [sic] section it states, “Safe and Secured Bitcoin Profit” and provides the instructions on how to invest as “1 CREATE YOUR ACCOUNT Go to account registration section and fill a simple for [sic] that is needed to successfully complete [sic] your registration”; “2 MAKE DEPOSIT Make a deposit to any of the 6 investment packages.[sic]”; “3 WAIT AND WITHDRAW PROFIT Once the purchased plan time is exhausted, you [sic] have every right to withdraw your profits to [sic] your bitcoin wallet.”

1 19. Actual and potential investors who visit the Arcadia-Capital.net account are asked to
2 “invest now” in one of several “Forex Investment Plans” and “CDF Market Plans” presented on the
3 site.

4 20. The Forex Investment Plans offer three options: Armature Plan (10% after 15 Hours,
5 minimum of \$30 and maximum of \$5,000), Standard Plan (17% after 27 Hours, minimum of \$1,000
6 and maximum of \$15,000) and Professional Plan (30% after 38 Hours, minimum \$2,500 and
7 maximum of \$25,000).

8 21. The “About Us” section states, “Arcadia-Capital makes the trader [*sic*] of more than
9 40 encrypted currencies in world brokers (poliniex and others) with strategies and a lot of
10 responsibility, using high technology and advanced tools, monitored through a chart of a team of
11 traders professional and experienced in this market, and thus have a very high profitability success.
12 A community founded to revolutionize the market of crypto-traders, inserted in this billionaire
13 market, competitive and few people have access to. Miningfarm through a team of professionals
14 trader specialists, comes with an opportunity for anyone to produce results in this digital currency
15 market. Be our partner by investing with us and get percentage return on investment. We keep your
16 investment safe and your profit is assured.”

17 22. Investors can sign up on the website by providing their name, a password, and email
18 address.

19 23. At least one Missouri investor provided \$2,500 to Arcadia, believing it to be the
20 real ACP. The investor used a “chat” option that was available on the website and spoke with
21 someone who identified himself as “Sam Walker.”

22 24. The Aracdia-Captial.net website provides an online wallet which indicates the
23 balance of the funds in an investor’s account. The Missouri investor noticed that the online wallet,
24 indicated a balance of zero. The Missouri investor asked Sam Walker about the zero balance and
25 was advised there had been some technical issues and it would cost the him \$100 to retrieve the
26 money in his online wallet.

25. The investor is still in contact with Arcadia, has not received any profits or a return on his investment to date, and his investment funds have not been returned to him.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered Securities)

26. From on or about May 26, 2020, Respondents have been offering or selling securities in the form of investment contracts associated with investments in cryptocurrency, within or from Arizona.

27. The securities referred to above are not registered pursuant to Articles 6 or 7 of the Securities Act.

28. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

29. Respondents are offering or selling securities within or from Arizona while not registered as a dealer or salesman pursuant to Article 9 of the Securities Act.

30. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

31. In connection with the offer or sale of securities within or from Arizona, Respondents are directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue statements of material fact or omitting to state material facts that are necessary in order to make the statements made not misleading in light of the circumstances under which they are made; or (iii) engaging in transactions, practices, or courses of business that operate or would operate as a fraud or

1 deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the
2 following:

3 a) Respondents are misrepresenting its identity as ACP, when ACP is actually
4 owned and controlled by an Arizona resident who has no relation to Respondent.

5 b) Respondents are misrepresenting its a registered broker, ACP, when Arcadia
6 is not registered as a salesman or broker with the Commission.

7 c) Respondents are misrepresenting its a member of FINRA and are
8 appropriating the real Arcadia's CRD number.

9 d) Respondents are misrepresenting that the investment is a "SAFE AND
10 SECURE CRYPTOCURRENCY INVESTMENT" when, in fact, the investment is being offered
11 by an entity which has stolen the identity of ACP, and appropriated it as its own and does not have
12 the consent of ACP or its officers to use its name and information.

13 e) Respondents are misrepresenting to offerees and investors that "We keep
14 your investment safe and your profit is assured" when bitcoin and cryptocurrency are considered
15 a volatile and risky investment.

16 f) Respondents failed to disclose their identity to offerees and investors.

17 g) Respondents failed to disclose Respondents' real actual address and location.
18 Respondents are located in Nigeria.

19 h) Respondents failed to disclose to offerees and investors that they were not
20 located in the USA which may impair an investor's ability to recoup any losses if the program does
21 not work out as promised.

22 i) Respondents failed to disclose to offerees and investors Respondents'
23 background and experience in investments.

24 j) Respondents failed to disclose to offerees and investors Respondents'
25 experience in trading in bitcoin and cryptocurrency.

26 k) Respondents failed to disclose to offerees and investors whether investor funds
are pooled with the funds of other investors.

1) Respondents failed to disclose to offerees and investors whether all or part of investors' funds will be used for investments in bitcoin and cryptocurrency.

m) Respondents failed to disclose to offerees and investors how Respondents will be compensated.

32. This conduct violates A.R.S. §§ 44-1991.

VII.

CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999

33. From at least August 25, 2017 through present, Okoye has been and/or held himself out as Coininvest.

34. From at least August 25, 2017 through present, Okoye directly or indirectly controlled Coininvest within the meaning of A.R.S. § 44-1999. Therefore, Okoye is jointly and severally liable to the same extent as Coininvest for its violations of A.R.S. § 44-1991 from at least August 25, 2017 through present.

VIII.

TEMPORARY ORDER

Cease and Desist from Violating the Securities Act

THEREFORE, based on the above allegations, and because the Commission has determined that the public welfare requires immediate action,

IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents, Respondents' agents, servants, employees, successors, assigns, and those persons in active concert or participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

1 IT IS FURTHER ORDERED that if a request for hearing is made, this Temporary Order shall
2 remain effective from the date a hearing is requested until a decision is entered unless otherwise
3 ordered by the Commission.

4 IT IS FURTHER ORDERED that this Order shall be effective immediately.

5 **IX.**

6 **REQUESTED RELIEF**

7 The Division requests that the Commission grant the following relief:

- 8 1. Order Respondents to permanently cease and desist from violating the Securities Act,
9 pursuant to A.R.S. §§ 44-2032;
- 10 2. Order Respondents to take affirmative action to correct the conditions resulting from
11 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
12 A.R.S. §§ 44-2032;
- 13 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
14 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
- 15 4. Order any other relief that the Commission deems appropriate.

16 **X.**

17 **HEARING OPPORTUNITY**

18 Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-
19 307. **If Respondents request a hearing, the requesting respondent must also answer this**
20 **Temporary Order and Notice.** A request for hearing must be in writing and received by the
21 Commission within 20 days after service of this Temporary Order and Notice. The requesting
22 respondent must deliver or mail the request for hearing to Docket Control, Arizona Corporation
23 Commission, 1200 West Washington, Phoenix, Arizona 85007. Filing instructions may be obtained
24 from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
25 <http://www.azcc.gov/hearing>.

1 If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10
2 to 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties,
3 or ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary**
4 **Order shall remain effective from the date a hearing is requested until a decision is entered.**
5 After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with
6 written findings of fact and conclusions of law. A permanent Order may include ordering restitution,
7 assessing administrative penalties, or other action.

8 If a request for hearing is not timely made, the Division will request that the Commission make
9 permanent this Temporary Order, with written findings of fact and conclusions of law, which may
10 include ordering restitution, assessing administrative penalties, or other relief.

11 Persons with a disability may request a reasonable accommodation such as a sign language
12 interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck,
13 ADA Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov. Requests should
14 be made as early as possible to allow time to arrange the accommodation. Additional information
15 about the administrative action procedure may be found at
16 <http://www.azcc.gov/securities/enforcement/procedure>.

17 **XI.**

18 **ANSWER REQUIREMENT**

19 Pursuant to A.A.C. R14-4-305, if Respondents request a hearing, the requesting respondent
20 must deliver or mail an Answer to this Temporary Order and Notice to Docket Control, Arizona
21 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days
22 after the date of service of this Temporary Order and Notice. Filing instructions may be obtained
23 from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
24 www.azcc.gov/divisions/hearings/docket.asp.

25 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
26 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a

1 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
2 addressed to Wendy Coy.

3 The Answer shall contain an admission or denial of each allegation in this Temporary Order
4 and Notice and the original signature of the answering respondent or the respondent's attorney. A
5 statement of a lack of sufficient knowledge or information shall be considered a denial of an
6 allegation. An allegation not denied shall be considered admitted.

7 When the answering respondent intends in good faith to deny only a part or a qualification
8 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
9 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

10 The officer presiding over the hearing may grant relief from the requirement to file an
11 Answer for good cause shown.

12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 1st day of October,
13 2020.

14 /s/ Mark Dinell
15 Mark Dinell
16 Director of Securities
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